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SUBJECT: MOSCOW POURS OVER 4 BILLION DOLLARS INTO A NEARLY DESERTED ISLAND

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1. Summary. In preparation for the 2012 APEC Summit on Russkiy Island off Vladivostok, Moscow is spending over 4 billion dollars developing the island. As Consulate Staff verified during a site visit, workers have begun constructing a one billion dollar bridge from Vladivostok to Russkiy Island that will be one of the longest suspension bridges in the world. Builders are clearing an approximately 3-mile long site for what we understand will be conference centers, hotels, and a university campus. The Russian Government hopes to strengthen its ties with the Asia-Pacific Region and promote investment in the Russian Far East. Although the pristine island will be a beautiful site for the 2012 APEC conference, analysts fear that Russkiy Island will attract little interest after the 2012 APEC Summit.

#### Project Part of Kremlin Plan For Asia Integration

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2. Supporters of Russkiy Island development hope to promote the economic revitalization of the Russian Far East and to reinforce Russia's importance in the Asia-Pacific region. In the words of Mark Urnov, the head of the Moscow-based think-tank Expertise, Russia's Far East is "one of Russia's most troubled regions. It is not heavily populated and is surrounded by fast-developing China. If Russia does not develop the Far East soon, it could lose it." Prime Minister Vladimir Putin argues that Russia must encourage economic growth in the region by developing local industries and infrastructure. In his words, these steps "will encourage new investment and contracts, kick-start the development of the region and thus strengthen its competitiveness and expand its ties with the Asia-Pacific region." In 2007, Mr. Putin argued that Russkiy Island is the perfect locale for these ambitious projects, emphasizing that the island's proximity to the ocean makes it a "very interesting recreation area" and the perfect place for an international conference.

3. Mr. Putin's claims are not without foundation. Russkiy Island features ideal fishing sites, a pristine natural environment, curative herbs, clean air, and beautiful beaches. The natural beauty of the island will undoubtedly impress officials at the 2012 APEC Conference.

#### Construction May Harm Environment on Island

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4. The pristine natural beauty of Russkiy Island is also a cause for concern. Already, as hooligans have drunken parties on the island's beaches and leave their trash, the island is becoming less attractive. Construction on a massive scale only exacerbates this problem. Natalya A. Andreyeva, a doctor in Vladivostok, advocates preservation of Russkiy Island's natural beauty by transforming the island into a national park.

Doubts about the Island's Post-APEC Future

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¶5. Analysts fear that without sound infrastructure, this area will attract little interest after APEC. Russkiy Island has been nearly isolated for decades and lacks amenities that tourists take for granted.

¶6. High airfare and competition from other tourist sites could also make Russkiy Island an unlikely tourist destination. Although the island may attract travelers from East Asia, Vladivostok's distance from Moscow makes Russkiy Island an unlikely vacation destination for residents of European Russia or Eastern Europe. It takes over one week to reach Vladivostok from Moscow by train and budget flights from Moscow to Russia's Far East are non-existent. Turkey and Egypt are more economical and convenient tourist destinations. In light of their decision to scale down developmental projects on Russkiy Island, Russian authorities have not ignored these impediments to Mr. Putin's dream of transforming Russkiy Island into a resort. Officials originally planned to build 5-star hotels and an opera and ballet house on Russkiy Island. After failing to secure foreign investment, they scrapped these plans because, according to Valentin Anikeev, Primorye Architect and Professor at the Far Eastern Technical University, "the construction of an opera and ballet house on the island would cost too much."

Unexploded Ordinance May Impede Construction  
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¶7. Russkiy Island's history further impedes development on the island. During Soviet times, Russkiy Island was a secret military facility. Now the island is littered with outdated artillery, cannons, and grenades. After exploring the bays of Russkiy Island over several years, professional diver and former captain Genrikh Kostin claimed that missiles, torpedoes, and mines are "in immediate proximity to the Russkiy Island." In

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2007, he argued that the excavators, large welding systems, and high voltages necessary for a massive construction project could cause a non-neutralized missile to detonate.

¶8. Comment. With its pristine beauty, Russkiy Island will be an ideal site for the 2012 APEC conference. Within the next three years, the development of the island will bring much-needed jobs to Primorye. However, in the long run, unsound infrastructure on Russkiy Island and high airfare will prevent the island from becoming a popular tourist destination. Russian officials acted wisely in scaling back on development of Russkiy Island.

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